

**Subactivity:** ONPS – Visitor Services  
**Program Component:** Law Enforcement and Protection  
**Enacted:** \$94.279 million

### **FY 2002 Estimated Program and Anticipated Accomplishments**

Visitor and employee safety is a priority function within parks and integral to fulfilling the National Park Service's mission to provide for the public enjoyment of the national parks. In addition, as a mandate of its authority and jurisdiction, the NPS is required to enforce all Federal laws and regulations within park units. National parks remain safe places for the majority of visitors, but crimes against persons, property, and resources, and urban gang activity within the parks has been on the rise. The Park Service addresses visitor and employee safety and law enforcement through a proactive program conducted by park rangers with assistance from investigators located in areas with a history of high levels of felony crimes.

Park rangers perform demanding law enforcement and resource protection activities including violent crime management, drug enforcement (primarily interdiction activities at NPS border parks) and eradication, traffic control, watercraft and aircraft-supported enforcement activities, criminal investigations, and wildlife enforcement activities. In addition, gang activity has become a law enforcement issue in several parks. The NPS focuses on reducing violent crimes in our national parks by increasing the use of surveillance systems, information gathering, and local patrols. The NPS focuses on combating drug use and production on parklands by increasing counter-drug activities. Rangers also participate in drug education programs and were active in Drug Abuse Resistance Education (DARE) programs in schools across the country.

Because national parks contain national treasures and are often located along national borders, a continuing problem is the potential for terrorist activities occurring on parklands. The Park Service utilizes commissioned law enforcement park rangers and other Federal, State, and local law enforcement authorities and organizations to assist in providing security and protection for park resources and the visiting public against potential terrorist activities. Ongoing park ranger counter-terrorism activities include:

- Protection of monuments and buildings owned and managed by the National Park Service
- Law enforcement assistance in accordance with memorandums of understanding and interagency agreements with various Federal, State, and local agencies regarding terrorist acts and threats
- Law enforcement services to dignitaries and foreign heads of State who arrive in Washington, D.C., NPS Regional Offices, and other national park sites
- Day-to-day protection for park resources and over 280 million visitors annually

In FY 2002, Park Service law enforcement personnel will support the achievement of NPS performance goals by increasing security in urban parks and monuments and reducing the visitor accident rate. This will be accomplished through increased contacts/communications with visitors, better technology, and more effective use of personnel and other resources.

### **Performance Goals**

#### **Goal 1a2. Provide a safe and healthful recreation experience for park visitors**

		Goals						
		Annual FY 2003				Long-term FY 2005		
Target	Measure	FY 1992-1996 Baseline	Accident/Decrease incident	Decrease from Baseline	Accident Rate	Accident/Decrease incident	Decrease from Baseline	Accident Rate
Visitor safety	Accident/incident rate*	9.48	1.19	12.6%	8.29	1.52	16.0%	7.96

\* Rate calculated as the number of accident/incidents per 100,000 visitor days.

**Law Enforcement and Protection Performance Information**

<b>Performance Measure</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Estimate</b>	<b>FY 2003 Estimate</b>
Traffic Incidents	34,910	33,165	31,507
Percent Reduction in Visitor Safety Incidents	5%	5%	5%

**Law Enforcement and Protection Workload Factors**

<b>Workload Factors</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Estimate</b>	<b>FY 2003 Estimate</b>
Recreational Visits	285 million	281 million	284 million
Law Enforcement Incidents	87,535	85,296	81,031
Natural Resource Violations	14,316	13,601	12,921
Search and Rescue Missions	4,869	4,626	4,395
Cost of Search and Rescue Missions Incurred by NPS	\$2.8 million	\$2.75 million	\$2.70 million
Emergency Medical Incidents	17,358	16,490	15,666

**Resources Protection Workload Factors**

<b>Workload Factors</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Estimate</b>	<b>FY 2003 Estimate</b>
ARPA Cases	326	315	307
Vandalism Cases	3,036	3,010	3,000
Resource Incidents	14,316	13,601	12,921

**FY 2003 Budget Request: Law Enforcement and Protection**

<b>Request Component</b>	<b>Amount</b>
FY 2002 Enacted Budget	94,279
Programmatic Changes	
• Park Base – Operations	+1,842
• Park Base – Counter-Terrorism	+4,998
• Travel Reduction	-531
<b>TOTAL, Program Changes<sup>1</sup></b>	<b>+6,309</b>
Uncontrollable changes	+1,250
<b>FY 2003 Budget Request</b>	<b>101,838</b>
Net change	+7,559

<sup>1</sup>Justification for program changes can be found at the end of this subactivity's presentation.

**Subactivity:** ONPS – Visitor Services  
**Program Component:** Visitor Use Management  
**FY 2002 Enacted:** \$24.074 million

### **FY 2002 Estimated Program and Anticipated Accomplishments**

**Air Tour (Commercial Overflight) Planning and Management.** During FY 2002, the Federal Aviation Administration in cooperation with the National Park Service will complete development of a new Federal Aviation Regulation to manage commercial air tours over national parks. The rule will implement the National Parks Air Tour Management Act of 2000 (P.L. 106-181). The Act and its implementing rule require the FAA and the NPS to jointly develop air tour management plans (ATMP) at each park where air tour overflights occur. There are about 50 Parks where ATMP will be needed when the new regulation goes into effect. Congress directed that the ATMP be completed within two years of the publishing of the regulation, which is expected this spring. The process to develop the ATMP will be consistent with National Environmental Policy Act (NEPA) directions, CEQ Regulations and FAA and NPS planning policies and procedures.

In FY 2002, the program is funded at a level of \$949,000 for gathering baseline data and developing ATMP and associated environmental compliance documents. The FAA in cooperation with the NPS will contract for the preparation of the ATMP and NEPA documents. The estimated average cost of an ATMP is \$300,000 and the NPS has agreed with FAA that its share is 40% of that cost, or \$120,000 per ATMP. The total NPS share of the contracted costs for just the 50 ATMP is \$6 million, which will be spread over an undetermined number of years. Park fee receipts may be used to fund NPS's share of all appropriate studies. (FAA in the FY 2002 budget received \$6 million of the estimated \$12 million of their share of the contract costs.)

The NPS will work cooperatively with the FAA on a joint public planning process that will analyze alternative commercial air tour proposals relative to impacts on park resources, visitor experiences, and purpose. The Park Service is working closely with the FAA to complete a draft memorandum of understanding, implementation plan, and charter for the Congressionally established National Parks Overflights Advisory Group. These agreements will guide the development of ATMP related to scheduling of plan development, collection of baseline data, and NEPA document preparation, including public review and comment.

Air tour operators will trigger the process with the FAA and the NPS if they currently fly or plan to fly commercial air tours over national parks. More controversial plans will require a full environmental impact statement while less controversial ones may only require an environmental assessment. The more complex plans may take two years or more to complete and the less complex ones may well be done in less time. Based on current air tour activity, plans are needed for a number of the western states parks.

#### **Air Tour Plans Needed**

<b>Larger Parks</b>	<b>Smaller Parks</b>
Yosemite National Park	Bryce Canyon National Park
Grand Teton National Park	Hawaii Volcanoes National Park
Canyonlands National Park	
Glen Canyon National Recreation Area	
Glacier National Park	
Zion National Park	

**Accessibility Management Program.** Federal laws and regulations require that all Federal buildings and facilities, and all programs and activities provided are accessible to, and usable by, persons with disabilities. In conformance with Federal laws, regulations, standards and NPS policy, the goal is to assure that the Nation's 54 million citizens with a disability have access to the full range of opportunities and experiences available in the national parks.

The Accessibility Management Program oversees monitoring, coordination, policy guidance, continuing education, and technical assistance. The program focuses on strategies to assure that:

- Plans are developed to identify actions needed to provide appropriate access.
- When facilities are designed, constructed and renovated, they are in compliance with the most current and accepted standards and codes.
- All interpretive programs, experiences, and opportunities provided in the parks afford people with disabilities equal benefits.
- Optimum levels of access are provided, while at the same time issues of preservation and protection of the resources are maintained

The National Center on Accessibility (NCA) was established in cooperation with Indiana University's Department of Recreation and Park Administration to assist the NPS in providing continuing education, technical assistance, and research and demonstration projects to park managers. In recent years, the program accomplishments have included:

- Training in accessibility to over 5,000 park and recreation professionals including architects, landscape architects, historic preservationists, engineers, interpreters, maintenance personnel, and employment specialists
- Special seminars on critical issues such as trail access, historic site access, beach access, boating access and access to playgrounds
- Direct technical assistance to parks through telephone and email requests and through the NCA website
- Research on the methods and techniques for improving access to trails, campgrounds, picnic areas, beaches, historic sites and other outdoor areas

During FY 2002, National Center on Accessibility projects will conduct four core-training programs:

1. Universal Design for architects and engineers
2. Program Access for park interpreters
3. Retrofitting for park maintenance personnel
4. Principles of Accessibility for park access coordinators

**Recreation Fee Program.** The National Park Service collects a variety of admission and use fees. Under current law, most of the costs incurred in collecting these fees are paid from these recreation fee receipts collected in the Recreational Fee Demonstration Program account and from the account for "non-demonstration" park units, both of which are described in detail in the "Recreation Fee Permanent Appropriations" section of this Budget Justification. In FY 2002 the NPS plans to convert all non demonstration fee collection parks to Recreational Fee Demonstration project sites as a result of Congress lifting the 100 project limit in the 2002 Omnibus Appropriations Act. There is a modest amount of funding from the Operation of the National Park System appropriation that provides Regional Office oversight and management of the fee program. Central and Regional Offices are responsible for the coordination and oversight of all aspects of the recreation fee program, the National Reservation Service, the National Parks Pass, commercial tour fees, the Golden Passport Program and Fee Demonstration project tracking and approval. The offices provide guidance, establish policy, ensure accountability and efficiency of fee operations, and also track and monitor revenue and expenditures.

#### **FY 2003 Budget Request: Visitor Use Management**

<b>Request Component</b>	<b>Amount</b>
FY 2002 Enacted Budget	24,074
Programmatic Changes	
• Travel Reduction	-95
<b>TOTAL, Program Changes<sup>1</sup></b>	<b>-95</b>
Uncontrollable changes	+224
<b>FY 2003 Budget Request</b>	<b>24,203</b>
Net change	+129

<sup>1</sup>Justification for program changes can be found at the end of this subactivity's presentation.

**Subactivity:** ONPS - Visitor Services  
**Program Component:** Health and Safety  
**FY 2002 enacted:** \$18.114 million

### **FY 2002 Estimated Program and Anticipated Accomplishments**

**Risk Management Program.** This program provides NPS managers with advice, assistance, and guidelines to manage employee and public safety, and workers' compensation cases. The NPS has set zero employee and visitor accidents as the Service's policy and ultimate safety goal. Desired outcomes include elimination of all preventable accidents, reduction of workers' compensation costs to the lowest level possible, compliance with applicable health and safety standards, and a hazard-free environment for park visitors.

Risk management activities include:

- Development and coordination of program policies and guidelines
- Management assistance with compliance of the Federal occupational safety and health regulations
- Identification, evaluation, and control of health hazards that may cause illness/injury to employees or the visitor
- Development and analysis of statistics to identify trends and sources of accidents
- Development of strategies for reducing workers' compensation costs

In FY 2002, the strategies to accomplish these objectives include:

- A Certified Industrial Hygienist will work jointly with National Capital Region to design, develop, and coordinate the implementation of the servicewide occupational health program. The position will provide a technical point of contact for issues relating to occupational health, including bio-terrorism, and serve as the technical resource for occupational health issues. Further, this position will coordinate, develop, and present training relating to a wide range of occupational health risks that can cause worker illnesses.
- FY 2002 funds will continue to provide training to employees with emphasis on priority issues identified in the NPS Risk Management Strategic Plan Training: In FY 2001, 90 field personnel were trained in the incident investigation processes, (including casual factors.)
- FY 2002 funds will target 14 additional parks. From FY 1999 through FY 2001, 29 parks with poor employee safety records have been partnered with a contractor to develop and produce an effective safety program.
- Continued focus will be on returning injured employees to work, and reducing fraud and abuse of workers' compensation benefits and associated costs. Through a cooperative effort between worker's compensation specialists, local park personnel, and the Department of Labor, and using the services of contract investigators, by the end of FY 2001, 145 cases have been closed with a life-time savings of \$3.9 million to the American Taxpayer.
- The Public Risk Management Council has written Director's Order 50-C "Public Safety." The reference manual will be completed in FY 2002, with both documents available to develop an effective program to reduce visitor injuries by park managers. A social science research study on visitor risk has concluded and the final report is being prepared. This information will serve as an important tool in the Service's efforts to manage public risk.

### **Performance Goals (goals have been changed in relation to the performance measures)**

#### **Goal IIa2. Provide a safe and healthful recreation experience for park visitors**

		Goals						
		Annual FY 2003				Long-term FY 2005		
		FY 1992-1996 Baseline	Accident/Decrease	Decrease from Baseline	Accident Rate	Accident/Decrease	Decrease from Baseline	Accident Rate
Target	Measure							
Visitor safety	Accident/incident rate*	9.48	1.19	12.6%	8.29	1.52	16.0%	7.96

\* Rate calculated as the number of accident/incidents per 100,000 visitor days.

**Goal IVa6. Maintain a safe and healthful working environment and promote safe work practices**

		Goals						
		Annual FY 2003				Long-term FY 2005		
Target	Measure	FY 1992-1996 Baseline	Rate Decrease	Decrease from Baseline	Injury Rate	Rate Decrease	Decrease from Baseline	Injury Rate
Employee safety	Lost time injury rate*	6.61	3.30	99.6%	3.312	3.62	121.1%	2.989
					<b>COP Hours</b>			<b>COP Hours</b>
	Hours of continuation of pay (COP)	75,157	NA	34.2%	56,000	NA	48.8%	50,500

\* Rate calculated as the number of lost time injuries per 200,000 labor hours.

**Risk Management Performance Information**

Performance Measure	FY 2001 Actual	FY 2002 Estimate	FY 2003 Estimate
Visitor accident rate per 100,000 visitor days	8.64	8.53	8.34
Employee lost-time injury rate per 200,000 labor hours worked (100 FTE)	3.675	3.47	3.28
Continuation of Pay (COP) hours	62,200	60,000	58,000

**Public Health Program.** Since 1955, the NPS has had an agreement with the U.S. Public Health Service whereby public health officers have been detailed to manage and support the NPS public health program. The officers – engineers and sanitarians – are assigned to NPS headquarters, field directorate, parks and system support offices where they serve as public health advisors to parks.

The program provides support on a broad range of public health concerns that can affect park employees and visitors. Included are waterborne diseases (e.g., Giardia and cryptosporidium), foodborne diseases (e.g., salmonella and shigella), animal transmitted diseases (e.g., plague and Hantavirus), person-to-person transmitted diseases (e.g., tuberculosis and AIDS), diseases caused by toxic chemicals (e.g., lead and asbestos), and diseases caused by hazardous physical agents (e.g., noise and ionizing radiation (radon)). The public health program also provides written and electronic media information to park employees and visitors on such diseases as Giardia, Hantavirus, Lyme Disease, and plague. Public health officers perform a number of functions, including the following:

- Regular health risk assessments of facilities and operations located at parks, special events, living history programs and Job Corps facilities.
- Assessments cover more than 700 drinking water systems, 1,000 wastewater systems, and more than 1,000 food service operations. Also included are and recreational facilities such as swimming pools.
- Recommendations for appropriate corrective actions to eliminate or control any identified health or noncompliance problems/concerns present in park areas.
- Technical public health assistance on request. Areas and expertise of support include food safety, potable water, wastewater, vectorborne diseases, Job Corps, recreation, industrial hygiene, environmental compliance, occupational health and hazardous waste operations.
- Training of park staff and concession employees on the safe and legal operation of facilities including food service, water treatment, wastewater treatment and disposal, hazardous wastes and swimming pool operations.

In FY 2002, the NPS will conduct health risk evaluations at 265 park units and provide technical support either onsite or via telephone or mail. The program will also provide training to 800 NPS personnel, author Servicewide policies on water and waste water issues, and further develop the national webpage for the Public Health Program.

**Public Health Program Workload Factors**

<b>Workload Factors</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Estimate</b>	<b>FY 2003 Estimate</b>
Health risk evaluations conducted at park facilities and operations	265	265	265
Request to provide technical public health assistance to parks (onsite, telephone, E-mail)	200	225	250
NPS personnel provided public health training	750	800	850

**Emergency Preparedness.** The NPS maintains a baseline level of preparedness to respond to emergency situations. Funds are used to support staffing and provide the equipment, supplies, and materials necessary for emergency medical treatment, including ambulance service, search and rescue, wildland and structural fire, and responding to natural disasters. Costs for this program are primarily borne by park operating bases. Policy direction and program support are provided by Washington Office personnel. Emergency operations are not restricted to park boundaries. For example, park rangers often respond to incidents outside of park boundaries as a result of natural disasters as happened after hurricane Andrew in South Florida, flash floods on Indian lands in New Mexico, and earthquakes in Mexico and Costa Rica.

**FY 2003 Budget Request: Health and Safety**

<b>Request Component</b>	<b>Amount</b>
FY 2002 Enacted Budget	18,114
Programmatic Changes	
• Eliminate One Time Funding For 2002 Winter Olympics	-680
• Travel Reduction	-57
<b>TOTAL, Program Changes<sup>1</sup></b>	<b>-737</b>
Uncontrollable changes	+133
<b>FY 2003 Budget Request</b>	<b>17,510</b>
Net change	-604

<sup>1</sup>Justification for program changes can be found at the end of this subactivity's presentation.

**Subactivity:** ONPS – Visitor Services  
**Program Component:** Concession Management  
**FY 2002 Enacted:** \$7.996 million

### **FY 2002 Estimated Program and Anticipated Accomplishments**

The Yellowstone Park Act of 1872 gave the Secretary of the Interior the authority to grant leases, privileges and permits to private citizens and corporations for the purpose of operating and providing concession services for park visitors on public lands. By 1916, the year the National Park Service was established, concession operations existed in many national park areas. The National Parks Omnibus Management Act of 1998, Public Law 105-391, further mandates that necessary and appropriate accommodations, facilities, and services for park visitors be provided under concession authorizations with private individuals or corporations.

**Concession Management.** The program is an integral part of visitor service, park management and resource stewardship. It is guided by a number of principles including protecting park natural, cultural, and historic resources, offering quality visitor facilities and services at reasonable cost and ensuring an adequate return to the government for the opportunities provided under the concession contracts. Currently, there are 630 concessioners (216 contracts and 414 permits) in 128 parks. In FY 2001, the NPS received \$235,000 in additional appropriations for regional concession programs.

Within the concession program, meeting the visitor satisfaction goal requires the development and oversight of contracting authorizations based on planning and compliance documents that define specific needs, standards, evaluation procedures, monitoring systems and oversight processes to ensure NPS contract rights are being upheld. During 2001, the NPS began developing new concession contracts benchmarked to private industry standards to meet this goal and set the framework for consistent oversight of commercial visitor service contracts-the most important management function of the concession program.

**Concession Management Reform.** During the past year the NPS has taken a significant step to improve the overall management and operation of the concession program by developing a business strategy that includes:

- Hiring an external strategic business advisor to assist in the identification of business processes and requirements for the program
- Addressing the business components of concession contracting
- Creating quality standards for key components of concession management
- Creating a professionalization program to enhance the human resource capacity within the program that includes hospitality and contracting certification; and develop an information technology initiative.

Concession Management Reform is a direct response and implementing strategy to the National Park Service Concession Management Improvement Act of 1998, which provides the NPS with a number of new management tools and incentives to improve the program. This legislation reduces the number of concessioners that will receive a preferential right of contract renewal, replaces sound value possessory interest with a leasehold surrender interest, provides for franchise fees to be returned to the National Park Service, and encourages the promotion of Native American handcrafts in existing concession facilities. Additionally, it authorizes a Concession Management Advisory Board to the Secretary of the Interior and the National Park Service to provide recommendations on how to make the NPS concession program and procedures more cost effective, process efficient, less burdensome and timelier.

Franchise fees returned to the government are being used to support external corporate concession management programs and Servicewide concession activities which have made a dramatic difference in NPS ability to enhance its capacity by using private sector consultants as business consultants to the program. The use of franchise fees returned to the government has also enhanced capabilities to improve performance-based service contracting and position the NPS to build its concession program as an outstanding example of fiduciary management of commercial visitor services and government contract rights in parks. As a result, concession contracts with "high-value/high-risk" have been identified and procedures developed for mitigating the financial and legal risks associated with issuing prospectuses for these contracts. These contracts require



a high degree of technical fiduciary expertise. Given their volume and complexity, NPS plans to seek outside expertise and experience in implementation of a comprehensive strategy for managing this contracting process. Additionally, ongoing contract management and oversight procedures for those contracts will have been developed and implemented Servicewide in 2002 through professional training programs and established competencies. Lastly, through the use of external consultants, NPS has completed and documented a strategic plan for the development of sound and supportable prospectus documents that will ensure government contract rights are being upheld. Implementation will position NPS to add significant value to the contracting process and improve results to the government.

Management reform attention will be focused on developing an appraisal methodology for determining the sound value of possessory interest as defined in Public Law 89-249 and implementation of a strategy to provide litigation and arbitration support services through the use of outside firms. This is necessary to protect government interests as the new high-value contracts are executed.

Under previous legislation, the NPS was required to grant a right of preference in contract renewal to concessioners who had performed satisfactorily. Public Law 105-391 eliminates this preference for most of the larger concessioners, granting it only to those concessioners with annual gross receipts of less than \$500,000, and to river runners, outfitters, and guides. Because of the elimination of this statutory right, the Service expects increased competition for larger contracts, which will result in improved visitor services, and a general trend toward an increasing return to the Government as competition begins to take affect under the new legislation.

**Concession Contracting.** The backlog of expired concession authorizations, resulting from a freeze on contracting that ended during FY 2000, is aggressively being tackled. There are 403 expired contracts, with over 50 contracts and 67 permits that have been on extension for over 5 years, with 46 of these on extension for over 10 years. A prudent management plan for the rollover of these contracts as expeditiously as possible is being implemented and the organizational structure to increase fiduciary oversight and accountability is being enhanced.

Because the top 50 contracts represent 80% of gross NPS concession revenue and the greatest return to the Government (approximately 72 percent of franchise fees), these expired contract prospectuses are the highest priority to be developed. Of the remaining, approximately 260 of these will be the subject of an estimated 25 prospectuses, mostly for the outfitter/guide renewals, that will retain a preferential right of renewal. This strategy might be hindered by recently filed appeals of lawsuits won by NPS that challenge the new NPS concession regulations and new standard contract language promulgated in 2000 and seek injunctive relief barring the NPS from implementing these regulations.

**Rate Approval for Concession Services and Performance Evaluations of Concessioners and Quality of Facilities.** Development and implementation of corporate and specific standards are critical to prospectus development and quality visitor services and facilities. Monitoring systems and oversight tools and procedures insure compliance with contract requirements.

The NPS Operational Performance Program ensures that concession facilities and services are safe, sanitary, attractive, and provided at quality levels. The program provides consistency throughout the Service by instituting NPS operational standards for concession facilities and services. Field personnel are responsible for the direct execution of the operational performance program, determining a concessioner's adherence to the terms and conditions of their contract or permit, and identifying specific responsibilities in administering routine concession authorizations. Every concessioner is reviewed annually on at least a limited basis. Each annual concessioner evaluation may consist of anywhere from two periodic evaluations for a concessioner with a single facility to over 200 individual evaluations for an extensive operation. Approximately 5,000 individual inspections are conducted annually.

Field personnel are also required to approve concession rates charged to the public in accordance with the NPS Rate Approval Program. The program is designed to ensure that rates are comparable with those charged in the private sector as required by law. The rate approval program is being revised in accordance

with the requirements of the new law and response to recommendations from the Concession Management Advisory Board.

The current programs have been conducted historically in accordance with processes based upon guidelines established in a policy document (NPS-48). With the passage of PL 105-391, NPS revisited these procedures to reflect changes based on the new statute and will be using the private sector to review these processes as well as provide recommendations for process enhancement. Industry-wide standards will be identified and best industry practices will be used as a benchmark as applicable to NPS asset classifications and rate approval process. Recommendations will be developed for the implementation of rational, consistent, and easy to follow procedures for both rate approval and park standards evaluation.

**Real Property and Utility Condition Assessments and Prospective Maintenance Planning of Concessioner Occupied Buildings.** A computerized database has been developed which provides an inventory of the number of buildings, building use fees, and insurance replacement costs. Current available data indicates there are approximately 4,000 Government buildings used by concessioners.

One critical component of new prospectus development is a condition assessment of the buildings to determine capital improvement programs and maintenance reserve accounts. An accurate inventory of concessioner-assigned real property must be completed as the first step in a multi-phased project. Condition assessments will include, but be not limited to:

- identification and documentation of all maintenance and repair and deferred maintenance issues related to the subject real property
- a life cycle analysis to be used to identify a buildings component renewal cost
- a comprehensive facility management program that will assist parks in the long-term management of its assets
- facility condition assessment database must also be created to provide a highly accurate and fully supportable quantification and evaluation of the current physical condition of each facility

Assessing the condition and calculating the value of all concessioner-assigned personal property planned for use and development of a prospective maintenance plan to maximize the useful life of all such property is also necessary. Related is the need to produce well-defined and accurately priced concession facility improvement plans for these contracts that maximize capital available for investment in existing and new projects. Another critical component of new prospectus development is an appraisal estimate, which is necessary to determine possessory interest values and liability, and its impact on future concession contracts and return to the government. Another critical component of the contract prospectus is a thorough market and financial feasibility analysis of all business opportunities and capital investment requirements.

Because of the numerous contract extensions, the dollar expenditures for repair and maintenance by concessioners has decreased. Such extensions have an inhibiting effect on concessioners given the loss of preferential right and uncertainty of future long-term contracts. However, as long-term contracts are executed, the new contractually required maintenance reserves and capital improvement programs will likely assure a consistent and increased level of maintenance expense. Another critical component of new prospectus development is an appraisal estimate, which is necessary to determine possessory interest values and liability, and its impact on future concession contracts and return to the Government.

**Review of Financial Statements.** Concessioners submit annual financial statements for review to determine the basic health of the company and for use in determining fees. In 2000, National Park Service concessioners reported an estimated \$822 million in gross receipts, an increase of 2.0 percent over the previous year.

**Return to the Government.** All new contracts will contain franchise fee and other financial obligations that reflect the probable value of the authorization consistent with NPS policies. Franchise fees deposited into NPS accounts in FY 2001 totaled \$23.290 million. Beginning in FY 1999, as provided for in section 407 of Public Law 105-391, all franchise fees paid to the United States pursuant to concession contracts were deposited in a special Treasury account. Twenty percent of the funds are made available, without further appropriation, to support activities throughout the National Park System. Eighty percent of the funds are made

available, without further appropriation, to the park from which the deposit was made for visitor services and funding other priorities. The new permanent appropriation is described in the "Recreation Fee Permanent Appropriations" section of this document. The current priority for use of these fees is to address the contracting backlog.

In FY 2001, \$26.498 million was deposited in concession improvement accounts to accomplish necessary improvements to park concession facilities, at NPS direction, without gaining possessory interest, which become Government assets and for which the concessioner receives no possessory interest/leasehold surrender interest. As a result of Public Law 105-391, the National Park Service is committed to -- as concession contracts expire and when contract fee reconsideration's allow under older contracts -- transforming the current special account requirements back into standard franchise fee payments. As such, the NPS projects a general stability in franchise fees until 2002 when the significant effect of these conversions will begin to take place. The year 2003 should see even further increases in franchise fees while the contributions to special accounts for these two years will be reduced by similar amounts.

This conversion process will undoubtedly result in some contracts with significantly different franchise fees as construction, investment and maintenance requirements are weighed against the new concessioner's ability to pay franchise fees. The resulting prospectus financial package will balance the various financial obligations, including possessory interest liability where it exists, in order to determine that the new fee represents the probable value of the proposed contract. As a result, we expect some fees to decrease but the general trend should be higher fees as competition begins to take effect under the new legislation. A few current concession contracts contain possessory interest reduction clauses that represent a financial benefit flowing to the Government but represent generally lower franchise fees.

## Performance Goals

### Goal IVb3. Increase revenue from concessioners to improve park operations

Target	Measure	Goals	
		Annual FY 2003	Long-term FY 2005
Return on park concession contracts	Percent of gross revenue paid by concessioners	4%	5%

### Concession Management Program Performance Information

Performance Measure	FY 2001 Actual	FY 2002 Estimate	FY 2003 Estimate
Percent return on park concession contracts	2.7%	3.0%	4.0%

**Professionalization Initiative.** This initiative has been designed to give NPS personnel a greater degree of expertise in subjects such as accounting, retail operations, food, lodging, and other related areas of the hospitality industry. Most importantly, the NPS has begun to develop competencies and a certification program for contracting personnel, with an additional certification in hospitality. This internal effort is supplemented by drawing on external resources through outsourcing for private sector expertise in both financial and industry specific areas. The critical need within the agency is to ensure that individuals developing new concession contracts and who are overseeing primary NPS assets have a high level of expertise. Aggressive use of the private sector in consultant capacities will also bring more emphasis and support to concession management within the NPS.

**Concession Environmental Management Program.** As part of the National Park Service Environmental Leadership Strategy, a Concession Environmental Management Program (CEMP) has been developed. The goal of this program is to foster public education and concessioner awareness of environmental issues. The CEMP intends to facilitate concessioner compliance with environmental regulatory requirements, promote environmental awareness and accountability, and encourage the integration of sustainability and pollution prevention strategies in concessioner activities and operations. Funding to support this program is drawn from concession franchise fee receipts discussed in the "Recreation Fee Permanent Appropriations" section of this document.

**FY 2003 Budget Request: Concession Management**

<b>Request Component</b>	<b>Amount</b>
FY 2002 Enacted Budget	7,996
Programmatic Changes	
• Contract Support for Concessions Management	+1,500
• Travel Reduction	-45
<b>TOTAL, Program Changes<sup>1</sup></b>	<b>+1,455</b>
Uncontrollable changes	+105
<b>FY 2003 Budget Request</b>	<b>9,556</b>
Net change	+1,560

<sup>1</sup>Justification for program changes can be found at the end of this subactivity's presentation.

**Justification of FY 2003 Budget Request for Visitor Services**

<b>Request Component</b>	<b>Amount</b>
FY 2002 Enacted Budget	297,091
Programmatic Changes	
• Park Base – Operations	+4,058
• Park Base – Counter-Terrorism	+5,617
• Contract Support for Concessions Management	+1,500
• Eliminate One-Time Funding for 2002 Winter Olympics	-880
• Travel Reduction	-1,697
<b>TOTAL, Program Changes</b>	<b>8,598</b>
Uncontrollable changes	+3,992
<b>FY 2003 Budget Request</b>	<b>309,681</b>
Net change	+12,590

**Park Base – Operations: +\$4.058 million, 42 FTE**

The NPS is proposing an increase of \$9.331 million and 71 FTE at parks in FY 2003 to address a number of specific, high priority operating requirements. As part of the annual budget review process, park managers have identified and prioritized a wide range of unfunded operational needs using the Service's Operations Formulation System (OFS). The web-based, interactive OFS system, which also captures the incremental impact of the identified increase on performance, has resulted in improvements in the budget formulation process, including greater consistency, enhanced linkage of budget to performance, and efficiencies related to the use of technology. This FY 2003 budget proposal addresses the most pressing of the Service's park operational concerns.

The funding would allow for such critical requirements as increased protection of resources, enhanced law enforcement, more efficient maintenance operations, initial operation of new facilities and park units, and funding for special events such as the celebration of the centennial of flight. The specific increases contained in this proposal cut across functional categories as described by the NPS budget structure. Of the total amount requested, \$4.058 million and 42 FTE are estimated as the amount to be applied to the Visitor Services budget subactivity. For a more comprehensive examination of the park increases contained within this proposal (as well as park increases that are part of the Counter-Terrorism Initiative), please refer to the Analysis of Park Increases in the Summaries section of this budget document.

**Park Base – Counter-Terrorism: +\$5.617 million, 39 FTE**

The NPS is proposing an increase of \$6.098 million and 39 FTE for increased security at park units which may be at heightened risk for terrorist activity. These parks include such icons as the Statue of Liberty, Independence Hall, the Arch of Western Expansion in Saint Louis, Mount Rushmore, the U.S.S. Arizona Memorial and various sites along the Freedom Trail in Boston, Massachusetts. Funding would be used for increased perimeter security, guard service and patrol, improvements in communications and dispatch operation, more stringent visitor control and entry procedures, and further site and crowd monitoring. Additional staff, contract guard service and overtime would allow the enhancements to be implemented.

While most of the funding requested would obviously address visitor service issues, a small portion of the increase would accommodate maintenance requirements for new entry facilities. Of the total amount requested, \$5.617 million and 39 FTE are estimated as the amount to be applied to the Visitor Services budget subactivity. For a more comprehensive examination of the park increases contained within this proposal (as well as park increases that are part of High Priority Park Base Operations), please refer to the Analysis of Park Increases in the Summaries section of this budget document.

**Contract Support for Concessions Management: +\$1.500 million**

The NPS is proposing an increase of \$1.5 million in FY 2003 to accelerate completion of new concessions contracts for the top 50 contracts that provide the greatest return (approximately 72 percent of all franchise fees) to the national parks.

Concessioners, visitors, and park managers will all gain by completing these contracts soon. Concessions will benefit from having a degree of certainty within a recognized business climate. Visitors will benefit from concessioners within renewed incentives to invest in services and demonstrate good performance under performance-based service contracts. Park managers will benefit from higher returns in franchise fees – all of which are reinvested back into the national parks – that will be generated from effective competition over new contract awards.

It makes good business sense for the NPS to make the upfront investments that can increase long-term revenue for parks from new concessions contracts. This investment in concessions management improvements should pay for itself many times over through higher returns to the government and better concessioner performance. It also makes good business sense for the concessioners to support the accelerated award of new contracts, so that they can make decisions on where to invest private resources.

These funds will build upon the effective business strategy that the NPS has already initiated through the hiring of an external business advisor. These funds will aid the NPS in completing new contracts more quickly by accelerating:

- Concession facility condition assessments
- New prospectus with estimates of possessory interest values
- New performance-based service contracts

These funds will not only enhance returns to the government and reduce uncertainty for private businesses; they will also improve accountability to the taxpayer and protect NPS assets and contract rights.

**Eliminate One Time Funding for 2002 Winter Olympics: -\$0.880 million**

The National Park Service is purposing to eliminate one time funding for the 2002 Winter Olympics.

**Travel Expenses: -\$1.697 million**

The NPS proposes to effect savings of \$1.697 million in this program by reducing travel and associated costs by implementing management reforms to achieve savings.